

COMMITTEE MEMORANDUM

TO: Finance and Economic Resiliency Committee Members

FROM: Raul J. Aguila, Interim City Manager

DATE: March 26, 2021

SUBJECT: **GENERAL OBLIGATION BOND – REVISED IMPLEMENTATION PLAN**

BACKGROUND

On November 6, 2018 the City of Miami Beach voters approved the issuance of a \$439 million General Obligation (G.O.) Bond for a total of 57 projects in 3 separate categories: Parks, Recreational and Cultural Facilities; Public Safety; and Neighborhoods/Infrastructure.

During the months of January through March 2019, the G.O. Bond Oversight Committee (the Committee) met with the City owner departments of the 57 G.O. Bond projects to evaluate and create the prioritization, or “Implementation Plan” for the projects over the life of the G.O. Bond program (the Program). The Committee meetings followed a series of internal meetings of the G.O. Bond working group appointed by the City Manager (the Working Group) who created the list which was ultimately reviewed and recommended by the Committee and subsequently approved by the City Commission on March 13, 2019.

All 57 projects of the G.O. Bond were organized into four 3-year tranches, 39 of which were slated to begin in Tranche 1.

TRANCHE 1 STATUS

As of March 10, 2021, a total of **30** out of **39** Tranche 1 projects are in some form of “Active” status and **6** projects are completed.

Most of the **39** projects in Tranche 1 have different components which are considered distinct projects or “subprojects” that are tracked separately and have separate budgets, procurement, and implementation schedules. **30** (41%) of the **73** total Tranche 1 subprojects have been completed, **10** (14%) are under construction, **21** (29%) are in a design phase, **8** (11%) are in a planning phase, and **4** (5%) are pending to become active.

The **30** completed subprojects equate to **\$17.7 million** of the budget (12%), **\$30.8 million** (20%) equate to subprojects under construction, **\$61.3 million** (41%) equate to subprojects that are in the design phase, **\$19.2 million** (13%) equate to subprojects that are in the planning phase, and a total equating to **\$22 million** (15%) are for subprojects which are pending to become active.

ANALYSIS

Interest rates are currently at historic lows, which provides an unique opportunity for the City to revise the implementation plan to move up funding for many projects. For example, the original interest rates used during community outreach for the G.O. Bond were 4.25%. The actual interest rates for Tranche 1 were lower at 3.5%, and our best estimate regarding rates for Tranche 2 are currently about 1.7%. The revised G.O. Bond implementation plan is estimated to save \$21.2 million in debt service savings over the life of the bonds compared to the originally estimated debt service costs in 2018.

The Administration has developed a revised G.O. Bond Implementation Plan that, in summary, proposes the following:

- 1) Consolidates the number of tranches taking advantage of lower borrowing costs than originally projected (3 four-year tranches instead of 4 three-year tranches).
- 2) Sets a new prioritization of projects, allowing the advancement of certain projects that were proposed to commence in future tranches.
- 3) Realignment of 15 tranche 1 projects based on current cashflow projections.

The charts below compare the Original versus the proposed Revised Implementation Plan by Category:

ORIGINAL IMPLEMENTATION PLAN

CATEGORY	ORIGINAL Tranche 1 \$151.1 M 2019	ORIGINAL Tranche 2 \$101.9 M 2022	ORIGINAL Tranche 3 \$97.6 M 2025	ORIGINAL Tranche 4 \$84.4 M 2028	Total
Parks, Recreational Facilities, and Cultural Facilities	86,733,000	56,942,000	23,280,000	945,000	167,900,000
Police, Fire, and Public Safety	36,406,000	13,809,000	8,000,000	13,000,000	71,215,000
Neighborhoods and Infrastructure	28,000,000	31,200,000	66,300,000	70,500,000	196,000,000
Estimated Issuance Costs and Rounding	1,178,409	884,966	884,966	787,620	3,735,960
Total per Tranche	152,317,409	102,835,966	98,464,966	85,232,620	438,850,960

REVISED IMPLEMENTATION PLAN

CATEGORY	REVISED Tranche 1 \$151.1 M 2019	REVISED Tranche 2 \$206.0 M 2023	REVISED Tranche 3 \$78.0 M 2027	Total
Parks, Recreational Facilities, and Cultural Facilities	86,733,000	81,167,000	-	167,900,000
Police, Fire, and Public Safety	36,406,000	34,809,000	-	71,215,000
Neighborhoods and Infrastructure	28,000,000	90,000,000	78,000,000	196,000,000
Estimated Issuance Costs and Rounding	1,178,409	1,855,551	702,000	3,735,960
Total per Tranche	152,317,409	207,831,551	78,702,000	438,850,960

For more detailed information, refer to the Exhibits attached herein. Exhibit A displays the proposed changes to Tranche 1 Projects only, and Exhibit B is the complete revised Implementation Plan over the life of the Program.

The G.O. Bond Oversight Committee and Parks Advisory Board have both unanimously approved the revised plan at their respective meetings in February 2021.

CONCLUSION

The Administration recommends approval of the revised G.O. Bond implementation plan that will help move up the timing of many key projects and result in less overall debt service costs. The recommended changes to the Tranche 1 projects would be reflected in a subsequent FY 2021 Capital Budget Amendment at the next City Commission meeting and the remaining years would be updated in the upcoming FY 2022 Capital Budget and FY 2022 to 2026 Capital Improvement Plan.

ATTACHMENTS:

Exhibit A: Revised Implementation Plan – Tranche 1 only
 Exhibit B: Revised Implementation Plan
 Exhibit C: Revised Implementation Plan Summary